



Straw men in organised property crime:

using the administrative approach



Citation

ENAA (2023). Straw men in organised property crime: using the administrative approach. Brussels: ENAA.

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Part of the project 'EUCPN Secretariat', April 2023, Brussels
With the financial support of the European Union's Internal Security Fund - Police

Preface

The purpose of this paper is to equip law enforcement teams, municipalities or other government officials with the information they need in the fight against the use of straw men from the administrative approach perspective. The topic was covered in the context of EMPACT¹, more specifically the Operation Action Plan of Organised Property Crime OA 9.1. The content of the paper is largely based on the inspiring presentation by Mr René Middag², supplemented with other sources. Consequently, the paper largely mirrors the journey in the Netherlands in the fight against straw men within property crimes. Although described from a Dutch perspective, the lessons are a source of inspiration for all.

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1

What are straw men?

Crime groups operate in the dark. They do not want to be identified or disturbed in their criminal business processes. In order to achieve this, they are dynamic and ever-evolving. They change their working methods with great ease and speed. In addition, they are not limited by geographic boundaries. Organised crime groups exploit the free movement of the Schengen zone. At the same time, it is necessary for them to be embedded in society, because they need the legal economy and infrastructure for their criminal business process.³ According to the SOCTA 2021, 80% of organised crime groups use legal business structures in their crime process.⁴

straw man *noun* [C] (CRIME)

someone, often an imaginary person, who is used to hide an illegal or secret activity:

- *The fraud depended on hundreds of bank accounts being opened on behalf of straw men.*

+ SMART Vocabulary: related words and phrases

(Definition of **straw man** from the *Cambridge Advanced Learner's Dictionary & Thesaurus* © Cambridge University Press)

Figure 1: Definition of straw men

The tension between operating in the dark and the necessity to be embedded in society, results in the need to hide behind someone else or at least use their identity. The Cambridge Dictionary defines a straw man as someone who is used to hide an illegal or secret activity.⁵ In the context of organised property crime, straw men are deployed to

register vehicles, conclude contracts with insurance companies, open bank accounts, set up legal businesses, purchase high-value products on credit, etc. Additionally, by using straw men, mobile organised crime groups (MOCGs) can hide existing relations amongst their members and stay anonymous in respect of law enforcement.⁶

2

What is the problem?

This paper focusses on MOCGs that commit property crime. A large part of their crimes entails shoplifting, the rest are high impact crimes like domestic burglaries, vehicle theft, or scam-based theft. In the areas where they are active, it has a negative impact on the residents, but also on the retail sector. The estimated damage done by these MOCGs is approximately €250 million a year in the Netherlands.⁷

A key characteristic of MOCGs is that they operate internationally. They travel around by car to commit crimes across the EU. During stop and search interventions in the Netherlands in the recent years, law enforcement authorities noticed that a lot of the cars are registered to the same persons who have up to 50 cars registered to their name.⁸ In Sweden, a case is known of a straw man having even up to 200 cars registered to his name.⁹ These vehicles are used to travel, facilitate crimes, conceal relationships between one another, and to stay anonymous. Furthermore, this complicates criminal investigations as when a registration plate is registered at a crime scene, there is no way linking the vehicle to a suspect.¹⁰

In 2018, an analysis was conducted on the vehicles of straw men in the Netherlands. This resulted in a list of insights on the matter such as:

- › alongside some Turkish and Greek exceptions, straw men almost exclusively had Romanian nationality;
- › in 2018, there were approximately 1200 vehicles registered to Romanian straw men.
- › Vehicles registered to straw men are involved in five times more traffic offences than other vehicles. In total, these offences result in over €2.5 million of outstanding traffic fines. The assumption is that a driver would not care about the speed limit if the car cannot be traced back to him;
- › all vehicles were insured but insurance and legal taxes are not paid.¹¹ Some straw men have up to 50 vehicles registered to their names;
- › some have a Romanian driver's licence, others have a Dutch driver's licence, whilst others do not have any driver's licence. This driver's licence issue will be addressed again later;
- › straw men are replaced after a few months.¹²

These insights result from an analysis of the Dutch problem. It is unknown whether certain nationalities are more prevalent in the overall issue of deploying straw men.

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3

Modus operandi

"It was not just straw men facilitating crime groups. It appeared that the government was responsible for facilitating straw men, who could facilitate crime groups. As a country, we made it too easy to register and offered the opportunity to act as a straw man."¹³

Figure 2: Modus operandi of deploying straw men in the Netherlands

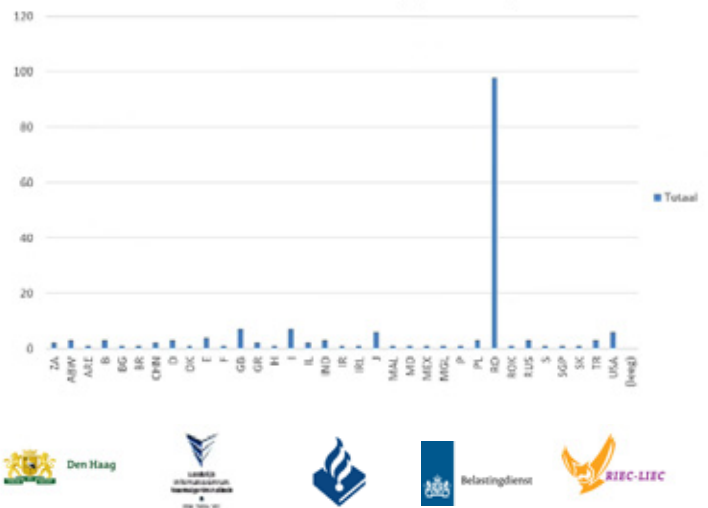


People who become straw men are recruited in their home countries where they are offered a job as a taxi driver, for example. They are brought to the Netherlands and housed at the facilitator's home. Once they work in the Netherlands, they get a fake rental contract and have it registered at the city hall. Such a contract is needed in the Netherlands to be registered in the GBA, which is the main database of persons living in the Netherlands. After registration, they receive a social security number which gives them access to everything in the Netherlands such as applying for insurance, taxes, car registrations, unemployment payments, etc.¹⁴ In other words, it allows them access to the legal economy and infrastructure.

Once registered in the Netherlands, they can hand in their EU driver's licence in the city hall and after a few days they will receive a Dutch driver's licence. On these licences there is a code referring to the exchange of the foreign licence that took place. Straw men want to get rid of this code because it prevents them from getting several services such as phone contracts or large loans. Therefore, this new Dutch driver's licence is thrown away and they apply for a new licence stating they lost the other one. This time, these new licences

are provided by the city and do not include the code referring to the exchange anymore. They are exactly the same as 'original' Dutch driver's licences. Supporting statistics from 2018 show that of those people who lost their licence in the first 50 days after receiving it, by far most had the Romanian nationality.¹⁵

Table 1: Nationalities of persons losing driver's licence within 50 days



4

The success of the administrative approach

The first attempts to stop this phenomenon focussed on the legal perspective. It was verified whether it was illegal to have this many cars which you did not possess, registered to your name; whether vehicles belonging to straw men could be seized, and whether being or using a straw man could be criminalised. Additionally, some criminal investigations were started to gather information about the organisations behind straw men. Unfortunately, it is not illegal to have this many vehicles registered to one person. Seizing the vehicles was also not an option as there was no legal basis. Furthermore, the criminal investigation was unsuccessful as the investigation was too big for the local teams while it was too small for the national teams who focus on the big narcotics cases. Finally, the attempt to criminalise being or using a straw man had no chance of success, while a consultation at the Ministry of Justice achieved no results.¹⁶

After these first attempts, the search for a solution took a more innovative turn: the administrative approach. A national meeting on the topic of straw men was organised. As the phenomenon exists nationwide, the meeting had to be organised at national level. Since the phenomenon was too complex to tackle from a police perspective alone, the approach had to be multi-disciplinary. Selecting the right key players for an administrative approach is challenging. Moreover, partners who seem promising at first might have less to bring to the table than first assumed. Partners in the meeting were the City of The Hague, the department of vehicle registration, the Dutch tax department, the RIEC¹⁷ and the Chamber of Commerce, as well as police officers dealing with the issue of straw men. The meeting recurred every three months.¹⁸

5

Common intelligence picture



A crucial step is to create a common intelligence picture amongst the partners involved. Each organisation has its own view on the problem and with it, its own piece of the puzzle. These views needed to be brought together to see how big and complex the problem is. The parable of the six blind men and an elephant is well-suited in this regard. According to the parable, each blind man feels another part of the elephant and describe the elephant based on their limited experience, resulting in different descriptions by each of the six men. Only by sharing all experiences and trusting each other's perspective do they understand the full picture.¹⁹

Figure 3: Parable of the six blind men and an elephant

When creating this common intelligence picture on straw men in property crime in the Netherlands, the partners learned that the problem was greater than initially thought. The insight was found that each straw man also had a business registered to their name with the Chamber of Commerce. This information was shared with the other key players to see what their knowledge was on these companies. The created common image produced insights into the use of these companies registered to straw men. The companies were used for loaning money (for example via other companies or credit card companies), for the use of petrol cards, for ordering goods which were delivered to certain addresses without ever paying the bills and also for laundering money. The numbers of these companies were checked by the financial intelligence unit of the police. They found that millions of euros passed through the bank accounts and that these companies were used in other crime areas as well, such as drug trafficking.²⁰

When the banks were still involved in the straw man meetings, the group had access to bank accounts of some of the suspects. This information could be used in criminal investigations or for providing input for the common intelligence picture. It led to the understanding that the bank accounts were frequently used for fraud and postal fraud. In a fraud investigation, the arrested suspects used a bank account of a Romanian straw man, with whom they had no connection. This provided the insight that the identity of the straw man was sold to other criminal organisations and therefore revealed the existence of a trade in straw men identities.²¹

Postal fraud

Criminal organisations steal mail from mailboxes. On the intercepted bills and invoices, they change the bank account numbers. Although this working method is very old-school, this has delivered up to millions of euros of profit. Evidently, these bank accounts are owned by straw men.

Phone company fraud

The straw man goes to a phone company and gets up to ten phone contracts. These contracts are never paid. The phones were also sold to other criminal organisations and the sim cards in these phones were also used by criminal organisations for as long as possible before throwing them away. During an investigation, a storage facility was discovered full of modems with these SIM cards inserted. These modems called pay-for numbers in foreign countries. These pay-for numbers were owned by criminal organisations in their home countries, allowing them to collect the profits. The duped phone companies had to pay the bill for these pay-for numbers, whilst the phone contract was never paid by the straw man.



Figure 4: Mail, mostly bills and fines, delivered at false addresses.

Another insight concerned the use of fake addresses by straw men. The addresses are real but are abused by straw men. Usually apartment buildings are targeted because the mail can easily be retrieved from mailboxes on the outside. After having used these addresses to facilitate their crimes, some of these mailboxes received up to 100 letters with bills and fines which needed to be paid. In other instances, people are threatened and homes are broken into to retrieve mail or goods from mailboxes. After a while, the amount of debt is so high that the beneficiaries want to collect. Unfortunately, by that time, the straw man has disappeared.²²

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6

Barrier model

A **barrier model** is a method to map a crime process and the complex context around it in a transparent manner. It makes it possible to organise and analyse the crime problem thoroughly. The model also highlights which parties and opportunities (un)willingly facilitate the crime. This makes it possible to determine what barriers can be set up by public and private partners to effectively disrupt the work of the criminals.

The CCV²³ in the Netherlands guided the development of a barrier model on the topic of foreign straw men. Such a task must not be completed without involving experts from several organisations such as the Chamber of Commerce, National Office for Road Transport, National Office for Identity Data, the police, and the city of The Hague. By accumulating the insights from several perspectives, it is clear how the different parties have opportunities to fight straw men facilitating crime.²⁴

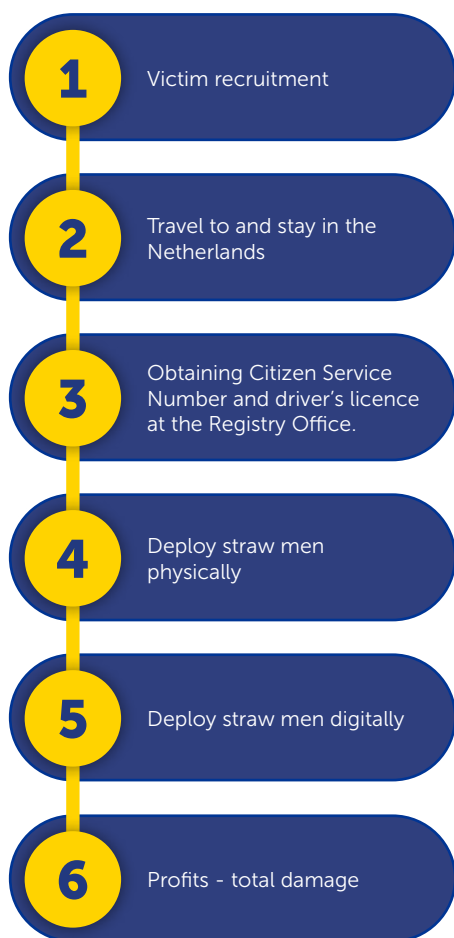


Figure 5: Steps of the barrier model on foreign straw men

The group of partners determined that the biggest weakness on the government side - and thus the biggest opportunity to tackle the abuse by criminal organisations - is located in step 3, obtaining a Citizen Service Number and driver's licence at the Registry Office.²⁵

An important factor in successfully raising barriers is to make the key players co-owners of the problem. By having the involved organisations take responsibility for the weaknesses in their procedure, a strong commitment is ensured.²⁶

The city of The Hague tested a method to filter out potential straw men in the registration process for foreign nationals. They made a workflow for city hall employees carrying out the registrations.

- > First step is checking a contract by two separate people before registration; is it correct?
- > Second step was to check the autograph; have we seen it before? Is the autograph of a famous person being abused? More specifically, the autograph of the famous football player Johan Crujff was often abused.
- > Also, the address given for registration needs to be checked; are other people already living there? Is the size of the house or apartment suitable for the number of people registered?
- > Additionally, special attention was paid to the people accompanying foreign nationals, because these are always the same persons. As part of the workflow, the accompanying translator was also registered.
- > Furthermore, a letter was sent to the registration address, addressing the main occupant. The letter informed that someone is registering to the address and asks if this is correct.
- > Finally, when in doubt, a special verification team was sent to the address to check if everything is legal at the location.²⁷

This workflow demanded a lot of effort from the city of The Hague, however it paid off and resulted in criminal groups avoiding the city of The Hague in the future because it became too difficult to obtain the necessary registrations.²⁸

7

Further steps

After having success with this good practice, the insights regarding the problem description and recommendations on ways to intervene were shared as much as possible in the Netherlands via television interviews, the website of the CCV and presentations to the largest Dutch cities in the hope of also committing them to tackling the problem.

Other barriers from the barrier model were also raised, such as the registration in a database of the known vehicles of straw men. In addition to this, international information exchange took place and all information was delivered to Europol.

The next step to be accomplished is to block the registration at the Department of Vehicles so specific people cannot register more vehicles to their name.²⁹



Project UNION: fraudulent behaviour towards public welfare authorities

Project UNION in Germany focusses on organised and systematic welfare fraud, which drains the state finances and is committed by individuals from other EU Member States. The Federal Criminal Police Office of Germany, several State Criminal Police Offices, customs authorities and the Federal Agency for Work, partnered up from 2019 to 2021, aiming to analyse organised crime structures, to initiate further criminal investigations, and to prevent new fraud cases.

These fraud cases are committed by organised crime groups (OCGs), mainly originating from Romania and Bulgaria. The modus operandi regarding straw men and bogus companies within this phenomenon is as follows:

- › OCGs bring people with EU ID documents (mainly Romanian and Bulgarian passports) to Germany. Some of these people are EU citizens while others originate from countries outside the EU and are brought to Germany with fake ID cards/passports.
- › Based on the principle of freedom of movement within the EU, people with EU passports can officially work here in Germany and after two years of work apply for social welfare benefits, such as child benefit, unemployment benefit or housing benefit.
- › The OCGs register official and bogus companies in Germany and employ the individuals described above. This mixture enables fake employment contracts to be concealed. Then, the persons purporting to be workers with the help of the OCGs apply for social welfare benefits.
- › There are different modus operandi known to the competent authorities that include fake personal IDs/passports, bogus companies, fake employment contracts and self-employment structures as well as non-existent or fraudulently registered tenancies and residential addresses. The purpose is always to apply social welfare benefits in a fraudulent way.

Key elements for a successful fight against this fraud phenomenon are linked to good practices in the administrative approach:

- › Police/public prosecutor (criminal investigations), customs authorities (financial control of undeclared work), federal agency for work and the unemployment offices and family benefits departments at local level have to work together.
- › A clarification of certain cases is only possible when the different authorities can share their data.
- › Info exchange and meetings have to take place on a regular basis.
- › Finding common strategies against the fraud phenomenon is relevant.
- › Legal possibility of using data from other authorities in criminal investigations and vice versa is necessary.
- › Using e. g. a cooperation treaty for a long-lasting cooperation among the different authorities is helpful.

8

Conclusions and recom- mendations

First of all, in the fight against straw men facilitating crime, the approach must be broader than merely police investigations. This is because of the complexity of the modus operandi and the diversity of involved facilitators.

Secondly, applying for citizen service numbers and driver's licences is determined to be one of the most crucial steps in the criminal business process.

Thirdly, therefore the government should take ownership of the problem and recognise its responsibilities in terms of facilitating this crucial step by having weak points in the registration procedure.


Fourthly, it takes time to identify and convince the right stakeholders of their much-needed added value in the fight against straw men facilitating crime.

Fifthly, it is critical to create a common overall picture of the problem by assembling the different pieces of the puzzle contributed by the different partners, based on their expertise and view of the problem.

Sixthly, most insights in this paper are based on the situation in the Netherlands. It is recommended that a criminal intelligence picture be constructed for each country. The details of the modus operandi might differ based on the administrative processes and regulations alone.

Therefore, in the fight against straw men, it is strongly recommended to use investigations to obtain an insight into criminal organisations using straw men. This information can be used to understand the *modi operandi*, the partners involved and, most importantly, to take preventative measures to ensure the government – in its many forms – is not among the facilitators for those criminal organisations.

Therefore, in the fight against straw men, it is strongly recommended to use investigations to obtain an insight into criminal organisations using straw men.



Endnotes

- 1 EMPACT or the EU policy Cycle, for more information please visit <https://www.europol.europa.eu/crime-areas-and-statistics/empact>
- 2 René Middag, working for the National Unit of the Dutch police, project leader and coordinator on the Mobile Organised Crime Groups (MOCG).
- 3 ENAA, presentation “OA 9.1. Straw men”, OA 9.1. Straw men kick-off meeting, 23 June 2022, online.
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- 5 Meaning of straw men, <https://dictionary.cambridge.org/dictionary/english/straw-man> (Accessed 2 Feb. 2023).
- 6 René Middag, presentation “Straw man/ government facilitating mobile organised crime groups”, OA 9.1. Straw men kick-off meeting, 23 June 2022, online.
- 7 Ibid..
- 8 Ibid..
- 9 Thomas Rehn, presentation “Op Ravelli”, EMPACT OPC Feedback meeting, 15 February 2020, online.
- 10 René Middag, presentation “Straw man/ government facilitating mobile organised crime groups”, OA 9.1. Straw men kick-off meeting, 23 June 2022, online.
- 11 In the Netherlands, when buying a car, it is possible to get insurance over the phone or online which will cover risks for a few weeks until the first payment. If no payment follows, the insurance companies can only ask for coverage after sending multiple reminders for payment first.
- 12 René Middag, presentation “Straw man/ government facilitating mobile organised crime groups”, OA 9.1. Straw men kick-off meeting, 23 June 2022, online.
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- 17 The Netherlands has 10 Regional Information and Expertise Centres which reinforce the administrative approach and support the overall integrated strategy.
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- 20 René Middag, presentation “Straw man/ government facilitating mobile organised crime groups”, OA 9.1. Straw men kick-off meeting, 23 June 2022, online.
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